



CALPEEK

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ENERGY & POLITICS: GOP BLASTS GOV. DAVIS FOR MOVING TOO SLOW. PUC's LYNCH ON HIT LIST TOO.

Editor's note: The Calif. Republican Party(CRP) is on the attack against Calif. Gov. Gray Davis(D). They believe Davis has been slow in responding to the State's current energy crisis. And GOP political consultant Sal Russo isn't a happy camper either – disappointed in both the performance of Davis as well as PUC Chair Loretta Lynch. Here's our update & analysis...

...The CRP and Russo attacks are not linked, except by timing. The CRP, which is getting ready for its Winter convention in Sacto Feb. 23rd, is trying to show off by running a *radio campaign* bashing Davis' handling of this current crisis. Problem is that there are some GOP lawmakers who think this CRP communications effort is a *waste of money* and is "counterproductive." In terms of the CRP's radio attack, the 1st ad flight (produced by Darrell Williams of Dakota American Communications of Arlington, VA), ran Feb. 8-13 in the Sacramento, Central Valley and San Diego areas. A 2nd radio ad flight was supposed to began running Feb. 14th in L.A., S.F. and small No. Calif. markets. The key radio audience: those who listen to talk radio. Don't know how successful this short radio campaign will be, but the CRP spent about \$25,000 on the 1st flight and more than that on the 2nd flight. The script is available on the web at www.cagop.org/news/press/press010207.htm. Some Calpeek sources suspect this CRP radio campaign is nothing more than an attempt to show CRP delegates that the party has its act together. Maybe....

...A more credible attack against the Davis Administration's handling of the crisis comes from respected GOP political consultant Sal Russo. Russo served in the Deukmejian Administration as an assistant COS. His "Day of Reckoning Arrives" fax attack goes after PUC Chair Loretta Lynch for failing to act last year (2000) when the "current crisis could have been easily averted." Russo thinks Lynch is over her head – and he's not alone. There are Demos in the Capitol who say the same thing...

...As Russo sees it, the problem in the Davis Admin. is that

there is NO ONE responsible for energy policy or planning. In the Deukmejian Admin., Chuck Imbrecht was the chair of the Calif. Energy Commission and was the governor's chief advisor on energy and had cabinet status! That's critical...

...Back to Lynch. In his fax memo, Russo says, "She failed to act last year when the spike in the spot market price of electricity should have convinced her to heed the warnings that meaningful action was require, such as encouraging the IOUs to enter into more long term contracts. As late last year as Dec. 9, Lynch was assuring the *New York Times* that there was no emergency and Calif. had all the of the power we need." Is there a Russo fix? Yes, split the energy component off from the PUC and give it to the Calif. Energy Commission. That would leave the PUC to regulate telecommunications and transportation...

...FYI: There are two parts to Calif.'s energy mess. The *go forward* element has been fixed with buy-sell agreements in place; a speeding up of the permitting process for new energy plants; and a conservation program. What's still unresolved are the utilities' debts and how to make them healthy without a bailout or a huge rate hike. Stay tuned...

L.A. MAYOR'S RACE: A GOOD WEEK FOR WACHS & VILLARAIGOSA AS EACH WIN KEY ENDORSEMENTS.

Editor's note: There were 3 key endorsements last week: the L.A. Co. Federation of Labor's COPE endorsement; the Howard Jarvis Taxpayers Assn.'s endorsement; and the endorsement by the L.A. Co. Demo Central Cmt. Labor and the Demo Party endorsements went to former Demo Assembly Speaker Antonio Villaraigosa, while the HJTA endorsement went to L.A. Councilman Joel Wachs. Here's our update & analysis...

■ The *COPE endorsement* was absolutely critical to Villaraigosa. Most sources said from the very beginning this endorsement was Villaraigosa's to win or lose. Had the COPE endorsement gone OPEN, it would have been a big loss for his campaign. It wasn't an easy win because Villaraigosa had to work overtime to fend off a solid effort by L.A. City Atty. Jim Hahn and his labor allies to keep labor

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neutral in the primary...

...In the end, the COPE (Committee On Political Education) Board gave Villaraigosa 58 votes – just one more than the necessary 2/3rds required for an endorsement. Hahn might have succeeded had SEIU 660 (the big L.A. Co. SEIU unit) voted as a bloc. But sources say 660 split their vote: some with Hahn, some with Villaraigosa. SEIU 347, the big L.A. City union, was solid for Hahn...

...Labor's endorsement of Villaraigosa, who comes out of the union movement, means at least \$1 million in a labor outreach program and thousands of troops to walk precincts. The big question: can labor deliver? If Villaraigosa isn't in the runoff, labor will have blown it again. That was one of the key arguments for staying neutral in the primary...

❑ The *HJTA endorsement* of Wachs was just as critical to Wachs as the COPE endorsement was Villaraigosa. It's a key endorsement because it reinforces his standing with those who like a tough fiscal conservative (read that as independents and GOP voters, plus voters living in the San Fernando Valley). And the HJTA support helps Wachs fend off challenges from Controller Kathleen Connell, whose message is all about fiscal responsibility; and from L.A. businessman and Parks Commissioner Steve Soboroff, the only GOPer of the Big 6 candidates...

❑ The *L.A. Co. Demo Party endorsement* was not nearly as critical as the labor endorsement, but it does show two things very clearly: Villaraigosa is busting his butt and it's paying off; and there is some *big mo* (as in momentum) in the campaign. Sources say Villaraigosa called nearly all of the county central committee members asking for their vote. A little inside baseball: the Hahn campaign was at first under the impression that the central committee's selection panel had recommended an OPEN endorsement. But that wasn't the case. And when Hahn tried to block Villaraigosa at the meeting, the effort went nowhere...

...FYI: In politics, endorsements are good for two reasons: 1) money from the sponsoring groups (sometimes, not always); and 2) publicity. These endorsements are much more important to Villaraigosa than to Hahn. All endorsements are nice to have, but Hahn still has something that Villaraigosa doesn't: *solid name ID with voters*. Stay tuned...

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L.A. MAYOR'S RACE IMPACTED BY VIGNALI PARDON??

Editor's note: While the U.S. Congress is screaming about former Pres. Bill Clinton's pardon of millionaire fugitive commodities broker Marc Rich, here in Calif. all eyes are Carlos Vignali, a young L.A. resident who was serving 15 years for cocaine dealing. Clinton pardoned Vignali on his last day in office. Lots of anger over this pardon. Here is our brief update & analysis – with some *polling data* on the L.A. Mayor's race --- pre-Vignali...

...For those who have been living on Mars, a number of prominent elected and civic leaders in L.A. wrote letters and contacted the White House at the behest of Horacio Vignali, Carlos' father who is a well connected L.A. businessman. When his son was sent to prison, according to the L.A. Times, the elder Vignali began making contact with key political leaders and giving political contributions. Among the political types on the list: former Congressman Esteban Torres, former Demo Assembly Speaker Antonio Villaraigosa and U.S. Rep. Xavier Becerra(D-L.A.). Both Villaraigosa and Becerra are running for L.A. Mayor. Also helping with the effort was L.A. Cardinal Roger Mahony and L.A. Co. Sheriff Lee Baca. (FYI: Baca says he never asked for a pardon and only requested that Carlos Vignali be transferred to a federal prison closer to Calif.). But Baca, like the others, did get some political contributions...

...Cardinal Mahony and Villaraigosa have already issued apologies and regrets. Villaraigosa's involvement in this case involved a single letter he wrote on Vignali's behalf back in 1996. Like Baca, Villaraigosa has received some contributions from Horacio Vignali...

...As for Becerra, his involvement is much deeper and over a longer period of time. In fact, Becerra was making calls to the White House on Vignali's behalf as late as Jan. 19th...

...Most sources think this Vignali incident will turn into a political *Hannibal* and eat Becerra alive – and they also believe the political damage to Becerra is *beyond fixable*. In a poll Controller Kathleen Connell(D) distributed at the COPE endorsement meeting Feb. 12th, Becerra was at 8%. The survey was taken by the Feldman Group, among 600 likely voters, Feb. 1-4. The rest of the poll showed Joel Wachs leading with 20%, Connell at 18%, Jim Hahn at 15%, Villaraigosa at 13% and Steve Soboroff at 6%. 20% were undecided. But this poll was taken *prior to* the Vignali disclosure. What's worse for Becerra is that this story has legs and no amount of Becerra spin will stop the bleeding. Stay tuned...

UPDATE: BATTLE FOR CONTROL OF CALIF.'S GOP.

Editor's note: There's a political proverb which says *Demos don't win elections, Republicans only lose them*. Or maybe it's the other way around. Whatever the case, since 1996 Demos in Calif. have held aces and GOP fortunes have nearly hit bottom. The '98 and 2000 election cycles were *disasters* for Calif. GOPers – and in the ongoing battle to win control of the CA Republican Party (CRP), *moderates* and *conservatives* are at each other's throats once again – engaging in the *blame game*. Here's our update, analysis and commentary...

...The key battle at the Feb. 23-25 CRP convention at the Sacramento Hyatt Hotel will be between current CRP Vice Chair Shawn Steel and challenger Brooks Firestone, the former assemblyman from Santa Barbara. Firestone is backed by a coalition of moderates and mainstream conservatives, while Steel's support comes from some mainstream GOPers and conservatives. It's the conservatives who control the CRP...

...Normally when new officers are elected, the big battle is for CRP vice chair – and in two years the vice chair almost automatically becomes the new chairman. This is only the *second time* in recent history where the chairmanship battle has been so *contentious*. And sources say you have to go back to the days of Richard Nixon when the vice chair was defeated for the CRP's top job...

...Who's winning? Almost all sources say Firestone is putting on a "whale of a campaign," but in the end it's the 1,400 delegates who have the power and even Firestone supporters acknowledge that Steel is still ahead – but not by that much, if you believe the spin. A tip off might occur on the second day of the gathering when there will be the election of the regional vice chairs. Even though there aren't supposed to be *slates*, in fact there are...

...What to look for. It could come down to these factors: 1) a debate between the two at the convention – if someone screws up, it could hurt; 2) how strong are the legislative endorsements are for Steel – in other words, will the 19 GOP assemblymembers and 11 GOP state senators backing Steel be able to twist the arms of their appointees to the CRP to back Steel???

...In terms of message, the two could not be further apart. Firestone says the GOP's problem in Calif. is *message*. Some Steel supporters say that's nothing but a codeword for abortion. It's no secret that moderates and some mainstream conservatives want any reference to abortion removed from the CRP's platform. FYI: the CA Federation of Republican

Women(CFRW) is backing Firestone. Steel says the reason GOP is losing in Calif. is because of poor political *tactics* and he has put forth a 10-page summary of what he would do to *professionalize* the CRP...

...But the key thing that Firestone has going for him is that Steel must, to a great extent, defend the policies of the current CRP chair, John McGraw, whose views are very conservative. That's not an easy task and there have been some key blunders by McGraw. On the other hand, some neutral GOP sources say it's not fair to paint Steel with the McGraw brush. Bottomline: a Firestone win would be considered a major upset. Stay tuned...

CAMPAIGN 2002: CALIFORNIA INITIATIVE UPDATE.

Editor's note: Here's another brief update on initiatives trying to qualify for the Mar. 5, 2002 primary ballot...

◆ *Scratch Homeowners Protection Act* – The Howard Jarvis Taxpayers Assn.(HJTA) has decided **not** to attempt to qualify an initiative for the March 2002 ballot, which if approved, would reverse Prop. 39, the successful 2000 ballot measure which lowered from 2/3rds to **55%** the vote requirement to pass a local school bond measure. As Calpeek noted last week, the HJTA believes property tax payers will eventually revolt, but it will take 2-3 years before such hostility reaches the boiling point. A statement from HJTA president Jon Coupal says, "Although we are temporarily withdrawing our proposed initiative, HJTA remains committed to reversing the damage done to taxpayers by Prop. 39. We believe that in the near future, the people of Calif. will be ready to restore the 2/3rds vote protection for local property tax increases."...

◆ *Child & Family Protection Act* – This statute now at the AG's office for title & summary deals with Calif.'s laws pertaining to child abuse. Under current law, where a child has been removed from a home for alleged abuse or neglect, the case must be heard within 15 days. However, according to the sponsors of this initiative, the 15 day period is often dragged out for weeks and months. And a child can be taken away from his or her parents *without* a public jury trial. Sponsors include the Coalition to Preserve Families and Klout for Kids. This group has hired Cavalier & Assoc. to handle the campaign, with Arno Political Consulting to handle the petition management. Bell, McAndrews & Hiltachk will handle legal. Sources say there is money to begin the petition drive. Stay tuned...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

Feb. 16-19	Calif. Libertarian Party state convention, San Jose Doubletree Hotel.
Feb. 23-25	CA Republican Party spring convention @ Hyatt Regency Hotel, Sacramento.
Feb. 25-27	Sacramento Seminar.
Feb. 27	Burbank city election.
Mar. 6	60 municipal elections, mostly L.A. County; 24 th SD Special election primary.

CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Simon for Calif. Governor** – As in William E. Simon Jr., son of the late U.S. Treasury Secretary under both Presidents Nixon & Ford. Simon is actively exploring a race for the GOP nomination for Governor in 2002. He has hired Sacto-based Russo Marsh + Rogers to assist his efforts. Simon and his younger brother run William E. Simon & Sons – a diverse financial services company, with offices back east and in L.A. (www.wesandsons.com). He is a former federal prosecutor. Simon is close to L.A. Mayor Richard Riordan and is very active in community and civic affairs. Interesting...

■ **32nd CD Update** – On the day Calpeek went to press last week (Feb. 8th), L.A. Councilman Mark Ridley-Thomas pulled the plug on his exploratory efforts in this April 10th special election to replace the late Julian Dixon(D-L.A.). That leaves the field of serious candidates down to 4 in this contest: Diane Watson, L.A. Councilman Nate Holden, State Sen. Kevin Murray and attorney Leo Terrell. FYI: as Calpeek noted last week, Watson was on the verge of getting an key endorsement from Emily's List. That's now official – she's got it...

■ **Wachs Adds Sipple to Team** – L.A. Councilman Joel Wachs has added well known GOP tv/media consultant Don Sipple to his campaign team. More next week...

■ **Bustamante Opens Mouth Inserts Foot** – Big time! It's now old news, but on Feb. 9th Lt. Gov. Cruz Bustamante(D-Fresno) was addressing a Black union group of about 400 at a dinner when instead of using the word "Negro," he slipped and used the 'N' word. Bustamante has been in a damage control mode for days and has issued apologies & regrets. Not good enough the Calif. Republican Party, who blasted the LG in several faxes. Does the CRP smell blood in 2002???

■ **GOP Assembly Leader In Trouble?** Calpeek is get-

ting numerous reports that GOP Assembly Leader Bill Campbell is in trouble with his caucus – some say he's walking in mine field...

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● A sad note: Michael R. Kilbane, 51, director of cemeteries & memorials for the CA Dept. of Veterans Affairs, died Feb. 8 of a heart attack. He was a key mover in getting the CA Veterans Memorial built. R.I.P...

● Addition to AAPC list of *Pollicie Award* winners: S.F. based Winning Directions won a 1st place award for direct mail for Demo U.S. House Leader Dick Gephardt...

● Gov. Davis has appointed Antonia Hernandez to the Board of Governors of the CA Community Colleges. She is the president and counsel to the Mexican American Legal Defense & Educational Fund(MALDEF)...

● Gov. Davis has named Paul G. Cunningham as Director of the CA Governor's office in Washington DC...

● Edelman Worldwide PR has promoted Lisa Weil to Sr. VP in the firm's L.A. office. She also adds the title of Director of Crisis Communications/Litigation Support...

● The CA Teachers Assn.(CTA) has reelected Wayne Johnson as president; Barbara E. Kerr as vp; and David A. Sanchez as treasurer...

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